

## Land and Property Information Division

Land and Property Information (LPI) provides mapping, titling, valuation, survey and related land information services to individuals, businesses, government agencies and non profit organisations throughout NSW, Australia and internationally.

### LPI:

- sources information from organisations and individuals to compile maps, databases and registers of land and property information including information on locations, parcel descriptions, values, ownership, restrictions and financial interests;
- provides services to the Registrar General, the Surveyor General and the Valuer General who have responsibilities for administering various Acts of Parliament related to land administration including the Conveyancing Act 1919, the Real Property Act 1900, the Survey Coordination Act 1949, the Surveying Act 2002 and the Valuation of Land Act 1916;
- administers the systems which support the state guarantee of Torrens title;
- makes information available to the public and organisations for conveyancing, historical research, land development, land management purposes, for state economic and social development and for planning and providing government services to the community; and
- licenses, sells, exchanges or gives the data it collects to organisations or individuals, to facilitate the above purposes.

### Services

Key services provided by LPI include:

- land title registration services on behalf of the Registrar General, including registration of plans of survey and property transactions, issue of Certificates of Title, and conversion of Old System land to Torrens Title;
- surveying services on behalf of the Surveyor General, including maintenance of official state control survey data, placement of permanent survey marks in the ground and determination of boundary disputes; and
- valuation services on behalf of the Valuer General, including valuation of land for local government rating and state government taxation purposes, determination of objections to land values and determination of compensation for dispossessed

landowners following compulsory government acquisition of land.

LPI also offers a wide variety of land and property information products and services available through various delivery channels ranging from traditional over the counter delivery through to online delivery via specialist portals and value added resellers. These include:

- digital and hard copy mapping products;
- satellite imagery and aerial photography;
- title searches and related documents;
- land value searches;
- property sales data;
- survey control information services;
- property information inquiry services; and
- international business services.

### Customers

LPI products and services are available to the people of NSW as a whole. Regular customers come from three market segments: the property conveyancing industry, the land use planning and development sector and government agencies at state, local and federal levels.

LPI is concentrating more time and resources on identifying customer needs through independent surveys and structured interviews. Together with strategic workshops and external involvement in policy development, LPI has responded to significant changes in the external environment. This approach allows LPI to better service existing markets with improved products and services, and to optimise strategies to service new and emerging markets.

### Senior Managers

Des Mooney, General Manager

Warrick Beacroft, Executive Manager, Information Sourcing

Ross Cleary, Executive Manager, Information Management

Barry Douse, Executive Manager, Production and Business Development

Simon Gilkes, Chief Valuer, Valuation Services

Doug Walsham, Executive Manager, Titling and Registration Services.

## Report on Operations

### Information Sourcing

Information Sourcing contributes to the maintenance of the NSW Spatial Data Infrastructure (SDI) and ensures it meets standards of currency, quality, content, coverage and accuracy. The term "infrastructure" is used to convey the idea that fundamental spatial data performs the same role as the more recognisable NSW physical infrastructure, such as major road and utility networks.

The SDI components, namely Cadastre, Topography, Survey, Geographic Names, Imagery and Addresses, need to be maintained similar to other government infrastructure. The NSW SDI provides a single and integrated view of the administrative, natural and built landscape of NSW and is a fundamental resource for emergency management.

Staff include surveyors, spatial information officers and administrative staff located throughout LPI's network of regional offices as well as offices in Queens Square, Sydney, and Bathurst. Survey services, mapping, aerial photography, and maintenance of topographical and cadastral data are managed within the Division.

### Survey Services

LPI ensures that statutory requirements for survey practice are met and is responsible for providing and maintaining the state control survey network, a network of permanent survey marks.

One hundred and thirty five (135) survey audits were undertaken to authenticate the work of professional surveyors ensuring that recorded survey plans represent the title and physical characteristics of sites. In addition 16 Boundary Determinations were completed to resolve disputes between adjoining landowners over the location of a common boundary.

All Surveyor General's Directions were amended and/or enhanced during 2004/05. The Directions are available to users via the Lands Internet Site.

Thirteen thousand seven hundred (13,700) survey plans were monitored for Survey Control compliance under the Surveying Regulation 2001. Over 83% of survey plans used the Survey Control Network to gain orientation on the Map Grid of Australia (MGA). Two hundred & fourteen (214) Deposited Plans were requisitioned after plan registration because the survey geometry was not accurate.

One hundred and seventy three (173) exemptions from complying with certain parts of the Surveying Regulation 2001 were granted. Thirteen applications to defer the placement of survey marks were granted.

The Surveyor General as the verifying authority for length standards in NSW under the National Measurement Act 1960 is responsible for the calibration of surveyors' steel bands and provision of eighteen Electronic Distance Measuring (EDM) baselines throughout the State for the verification of surveyors' EDM equipment. During the year EDM baselines were verified at Bankstown, Bathurst, Bega, Dubbo and Ulan Coal Mine.

### Survey Operations

Projects completed to supply survey control to external clients included:

- RailCorp GPS/GDA upgrade (Lidcombe to MacArthur).
- GPS adjustment service for external clients at Tomerong, Kangaroo Valley and Tumut.
- Surveys of Oyster Leases for NSW Department of Primary Industries.
- Ground Control Points for High Resolution Satellite Imagery: 456 points over forty five 1:100,000 map areas and 1060 points over one hundred and seventeen 1:100,000 map areas.

Survey Control work to upgrade precise GDA94 values of permanent survey marks was undertaken in the following local government areas: Greater Lithgow, Cowra, Blayney, Dubbo, Orange, Cabonne, Lake Macquarie, Maitland, Tweed, Nambucca, Newcastle, Port Stephens, Great Lakes and Taree.

Survey work was carried out west of Mungindi to re-establish the NSW - QLD border over an 80 kilometre section. A further 30 kilometre section along the west side of NSW - ACT border was restored after bushfires destroyed the majority of the existing border monuments.

Map control surveys were performed around Bathurst (camera calibration base), Inverell and Tamworth for the topographic mapping program.

Pen computer technology running geographic information system software, integrated with differential GPS systems, was used by several Councils in the Murray area to capture road centrelines and rural address points as part of the Rural Address Acceleration Project.

The survey program will focus over the next five years on improving the quality of the coordinates of the 60,000 ground marks that have been placed (mainly by the private sector) under survey regulations. These points are directly connected to the cadastre. More accurate coordinates will greatly assist the DCDB spatial data upgrade process.

### State Control Network

During the year:

- 5,423 Control survey marks were issued.
- 8,821 new marks were added to the SCIMS database.
- 4,190 Heights were upgraded.
- 18,384 MGA Co-ordinates were upgraded from transformed values.

### Survey Information

5,998 enquiries were services and 88,081 survey mark details provided.

### Topographic Data

The Digital Topographic Database (DTDB) comprises digital data derived from the State series of topographic maps, enhanced by collection and maintenance of data from current aerial photography to provide a comprehensive topographical dataset covering NSW. It comprises six major themes: Transport, Hydrography, Habitation, Utility, Landform and Land Cover.

LPI completed 74 maps (17 new editions and 57 new series reprints) in 2004/05. 272 topographic maps were prepared for reprinting to meet Rural Fire Service requirements. Approximately 1,800,000 features were added or changed in the DTDB this year.

Aerial Photography (approximately 16,200 frames) was taken at scales from 1:25,000 to 1:50,000. In addition, special purpose photography was undertaken for DIPNR and TransGrid.

### Cadastral Data

The Digital Cadastral Database (DCDB) comprises over four million polygons depicting the various interests and aspects of land administration. Included are over three million legal cadastral parcels of land, which represent the legal framework of land ownership in NSW together with 17 ancillary themes of information, such as Crown land, local government and electoral boundaries and easements.

In 2004/05:

- 49,804 new parcels were collected.
- 5 metes and bounds descriptions were written for altered Local Government Area and Local Aboriginal Land Council boundaries.
- Rural road name updates were made to the DCDB using data supplied by Councils.

- 4,392 cadastral parcels were investigated to resolve referencing issues identified in matching the DCDB with the Integrated Titling System (ITS). 1480 unidentified parcels have been given unique identifiers.

In July 2004 the Department began implementing new spatial technologies for the maintenance of the DCDB. The transition took until mid December during which time 21,000 jobs requiring DCDB maintenance action accumulated. Approximately 78% of these have been processed with the Department committing resources to ensure the currency of the DCDB is achieved within 9 days of plan registration by the end of August 2005.

## Major Information Sourcing Projects

### Geocoded Urban and Rural Address System (GURAS)

The GURAS project is building an authoritative, accurate and current geocoded address and road centreline dataset for NSW. Every urban and rural address will be linked to a geocoded access point, a property identifier and title identifier.

A baseline of some 3.5 million addresses has been created.

### Rural Address Acceleration Project (RAAP)

The project continued this year to accelerate the implementation of Rural Addressing in New South Wales with the intention of completing the assignment of all rural addresses by 2007.

Under this initiative, assistance is provided to local councils in the form of draft property and road network maps, test and development licences for topographic data to assist council capture rural address points, loan of positioning technology equipment to capture rural address points in the field and funding assistance of \$10.00 per valid rural address. To date training has been provided to 118 local councils.

### SydNET

The SydNET project is building a network of 10 permanently operating high quality Global Positioning System (GPS) reference stations with data links to a control, processing and data distribution centre at the Australian Technology Park (ATP). Seven stations have now been established with the addition of four this year at Villawood, Springwood, Cowan and Menangle.

SydNET will enable suitably equipped users (with a dual frequency RTK capable GPS receiver and mobile phone) operating in the coverage area to receive data processed from the combined GPS base stations and provide centimetre level positioning in real time.

SydNET will be used to improve the spatial accuracy of the Digital Cadastre Database (DCDB) and over time will replace the need to maintain a significant portion of the existing physical survey control infrastructure.

**Spatial Maintenance System (SMS)**

In 2001 LPI commenced a five-year spatial information strategy to maintain the value of previous investments and enhance the relevance and utility of its spatial data by:

- replacing outdated spatial technologies;
- re-designing production workflows and data models;
- introducing on-line access and distribution services for spatial data; and
- enabling interoperability for both internal and external environments through an open systems, standards-based approach.

Outputs to date include:

- a new, extended and populated topographic data model and database;
- a new, extended and populated cadastral data model and database;
- a redeveloped topographic data maintenance and mapping system based on the ESRI ArcInfo suite of software;
- a redeveloped cadastral data maintenance system based on the ESRI ArcInfo suite of software;
- a delivery database containing cadastral, topographic and address data;
- a road centreline dataset for NSW.

Outcomes for users of spatial information are:

- a data maintenance environment based on modern and well-supported technologies;
- more comprehensive datasets modelled with additional and extensible content;
- on-line access to all spatial information providing enquiry, viewing, publishing and data transfer services.

Through the next 12 months, activities will focus on the introduction of a cadastral proposal layer, cadastral spatial upgrade technology, an adjusted/realigned cadastral dataset for the metropolitan area and theme-based maintenance for certain topographic data.

**Single Land Cadastre (SLC)**

In April 2004 the Department of Lands and Sydney Water Corporation (SWC) signed a Memorandum of Understanding (MoU) to combine the cadastres of both organisations into a single authoritative cadastral dataset, the Single Land Cadastre (SLC).

In May 2005 the process of aligning the two cadastral datasets (LPI & SWC) commenced. The positional difference of the two datasets is analysed prior to alignment. Where significant differences occur, LPI data will be aligned initially to the position of SWC data to maintain relativity with SWC’s infrastructure. Positional upgrade will be undertaken following analysis and the determination of survey control requirements. Polygon attribute accuracy will be enhanced through the comparison of the two datasets.

Acceptance testing of the SLC will be carried out in late 2005 to ensure that all data elements required by SWC are collected and stored effectively. Two way incremental real time data feeds will be tested and will include both individual plan updates and multi plan upgrades. Service level agreements will be put in place to ensure the effective long term viability of a Single Land Cadastre.

A proposed plan layer will be introduced to display areas where development is proposed, prior to plans reaching the registration stage. A proposed plan number allocation system is being developed which will allow registered surveyors to download “proposed” plan numbers from the department’s website for inclusion on a proposed plan.

**Specialist Spatial Services Units**

**Emergency Information Coordination Unit (EICU)**

The EICU was established in 2003 to provide a common service facility to serve the needs of Emergency Services Organisations (ESOs) in NSW for spatial information to assist in planning, management and recovery from the effects and threats of natural disasters and terrorist attacks. Since its establishment, the Unit has successfully met a number of key business objectives on behalf of the Department of Lands and with guidance from State Emergency Management Committee (SEMC) members. Specifically, the Unit has:

- **Undertaken a review of emergency services sector requirements for spatial and other location-based data** and evaluated available delivery options for this information, both short and long term. It was found that while the sector was very much aware of the value and need to share spatial information, no suitable infrastructure existed to coordinate its collection and delivery requirements.

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- **Established a large network of spatial data suppliers and users.** The EICU made contact with the major agencies in the emergency services community and established itself as the conduit for their spatial information needs. The Unit's main client groups include the State Emergency Operations Committee (SEOC), Emergency Services Organisations (ESOs), NSW Police, NSW Health, NSW Department of Energy, Utilities and Sustainability (DEUS), emergency support agencies and utilities, local and district emergency managers, federal agencies, interstate agencies and private organisations.
- **Established relationships within user organisations at all levels - from senior and middle management through to data handlers,** to ensure a consistent approach to data management, exchange and application is maintained within the emergency services sector.
- **Established the largest spatial data library ever assembled for emergency management purposes in Australia,** the NSW Spatial Information Library for Emergency Management and Critical Infrastructure (EM/CI). The library provides the necessary infrastructure to enable spatial information to be shared among and delivered to ESOs and the SEOC for the purposes of emergency management.
- **Laid the foundations for interoperability in information delivery** within the emergency management sector.
- **Achieved a 'whole of government' approach to spatial information sharing and delivery** in the emergency management sector.

In meeting these objectives, the EICU engaged with the emergency services community in a number of pilot projects and other developments.

The centrepiece of this body of work has been the creation of the NSW Spatial Information Library for EM/CI.

#### **Electoral Mapping Unit**

LPI provided technical and mapping support for the NSW 2004 Electoral Boundary Redistribution. 97 Index Maps and related data were compiled for the Commissioners' report and for posting on the State Electoral Office Website.

## **Information Management**

LPI is in the business of information, and is increasingly dependent on information management (IM), and technology. The IM Unit directs and manages key LPI IM business related projects. Other activities include:

- managing all aspects of LPI's acquisition of IT services and related Service Level Agreements;
- managing product management and product development roles within LPI;
- determining the strategic direction, and implementation, of LPI's data conversion activities;
- providing strategic advice on electronic conveyancing; and
- managing electronic communication channel development.

#### **LPI Conversion Project**

A key IM initiative initiated in late 2004 is the Conversion Project.

The essential feature of the Torrens System is a State guaranteed title, proved by one document, which can be relied upon by anyone dealing with land, and for which conveyancing procedures are simpler and less costly. Accordingly, successive Governments have pursued a policy of converting all land to the automated Torrens System. There are still 15,000 Old System parcels and 66,000 manual titles to be converted to the Integrated Titling System (ITS).

LPI has embarked on a project to convert all of these remaining titles to ITS within two years, at a total capital cost of \$6 million. The project, which commenced in December 2004, has seen more than 60 staff members seconded from operational areas into a Conversion Team, managed by LPI's Information Management Unit. Two years was considered an appropriate period for the project in that:

- It is achievable;
- It gives a strong unambiguous and temporal focus to the project;
- It allows the project to take advantage of skilled and experienced resources that may not be available in the future; and
- It will facilitate LPI's participation in a National Electronic Conveyancing System.

Unique to the project is that it features compulsory conversion of Old System Land, in accordance with the Registrar General's powers, for the first time.

Conversion of Old System parcels and manual Torrens titles is proceeding at a rate that meets the project's key indicators at this time. No major obstacles are envisaged, and it is expected that the Project will be completed on time and within budget by December 2006.

7,497 Old System and Manual Torrens Title parcels were converted to the computerised Integrated Titling System during the current reporting year.

**Enhanced and/or new electronic services introduced in 2004/05**

Recent initiatives implemented include:

- A Local Government portal has been implemented, with all 153 Councils having signed an agreement to participate. Total searches through the portal are averaging 360 per day.
- A Land Value Search facility, at the request of the Office of State Revenue (OSR) to assist their clients in dealing with the new land tax regime; the search provides customers with online details of the current land value of a property.
- Government agencies are now receiving details of changes in ownership, etc, to properties in which they hold an interest, automatically and electronically.
- Valuation and sales data is now being sent to Valuation contractors and agencies automatically and electronically.
- Conversion of those Old System and manual titles in which authorities participating in the Central Register of Restrictions (CRR) have an interest, The implementation of Water Access Licences (WALs) in ITS, and online searching of WALs.
- Commencement of scanning of plans held in the Bridge Street Plan Room. The Bridge Street plan room contains a million unique original hard copy maps and survey records of the NSW Surveyor General, which date from the commencement of European settlement. Information in the plans is still currently used for survey practice and other areas of business in NSW. To improve the delivery of electronic data, these hard copy mapping records will be stored as electronic images and delivered to clients on demand in electronic formats. A program of conservation and preservation under the supervision of a professional conservator will also be incorporated into the project.
- Implementation of Electronic Data Interchange with Councils, which enables Local Councils to

more easily create property address and address for service of notice (ASON) files for supply to LPI in a format that complies with the Australian standard. The facility also allows for Councils to provide new or changed addresses from a certain date only, rather than having to re-supply all address data.

**Production & Business Development**

This business area identifies, develops and pursues new markets and products for LPI. Business development managers located within the unit coordinate services to state and local government agencies, the commercial and professional sector, retail customers and interstate and overseas customers. The unit also manages the identification, planning and delivery of major new initiatives in service and systems improvement as well as mass production of existing information products.

**Customer Relationships**

LPI maintains ongoing consultation arrangements with a range of industry sectors impacted by its products, services and delivery channel arrangements, including the conveyancing sector, the planning and development community, and government departments and authorities. Liaison meetings and industry events are supported by communications programs providing access to material describing project developments, practice changes, and issues relevant to industry and government clients.

Regular consultation forums and participation in industry seminars and events provides opportunities for LPI to inform industry participants of product, service and legislative changes, promote opportunities for product and service development, and canvass industry and government client requirements and priorities for business process improvement and other capital investment initiatives. Regular activities undertaken during 2004-05 included:

- ongoing consultation with conveyancing industry participants in the progress of the electronic conveyancing in NSW project, including establishment of the information portal [www.lands.nsw.gov.au/ECNSW](http://www.lands.nsw.gov.au/ECNSW)
- ongoing operation of the Lodgments Industry Working Party, providing representative industry input to lodgments business process changes and implementation, including the rollout of upgraded invoicing and payment arrangements for Titling and Registry Services customers

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- continued regular liaison with peak industry bodies including the NSW Law Society, Institution of Surveyors NSW and Association of Consulting Surveyors, addressing practice changes and industry priorities and concerns in the conveyancing, planning and development sectors
- regular engagement with LPI's service delivery channel partners including Information Brokers and Value-Added Resellers in relation to the effective delivery of titling, property and spatial information products and services to the commercial, government and broader communities
- ongoing engagement with NSW survey practitioners through the surveyor liaison program, providing regional survey groups with presentations on subjects relevant to regional issues and continuing professional development
- presentations to other land management and development groups including events and seminars for legal, valuation and real estate professionals, and local government and rating authority agency personnel and associations
- engagement with local government sector representatives in development and implementation of the Local Government Portal land and property information service.

LPI signed a Service Level Agreement (SLA) with the Office of State Revenue in late 2004. The SLA is designed to drive the delivery of high-quality services and establishes new monitoring and reporting systems.

This year LPI increased its commitment to improving relationships with local government through the establishment of a dedicated local government business unit. Agreements have been reached with all Councils regarding textual data delivery and surveys on their spatial and electronic service delivery requirements have been carried out. Communication with Regional Organisations of Councils and other representative bodies such as the Local Government Managers Australia has also increased.

#### **Pricing of products and services**

In 2004, LPI reviewed and restructured the prices of its products and services effective from July 2004. The restructure was designed to achieve four objectives:

- price services to account for operating costs including superannuation and other risks;
- produce sufficient profit to allow a reasonable return to government;
- reduce operating costs by encouraging customers to use low cost options; and
- correct price anomalies.

#### **Market Research**

Since late 2002, LPI has engaged external market research agencies to assist in determining its customers' needs for particular product or service areas.

Market research projects are identified from the following key sources:

- LPI's channel and product management plans;
- LPI's Capital Works Program; and
- strategic workshops.

An independent research agency was engaged to capture customer and staff opinions and expectations about LPI's direction towards Electronic Services Delivery (ESD). Over 150 customers and 30 staff were interviewed during December 2004.

Analysis of the results show that the key areas to be addressed for both customers and staff are:

- Integration and/or better linking of our property information and systems - and achieving usability and ease of navigation at the same time;
- Earlier involvement in our ESD product development phases; and
- More frequent communication about ESD progress and initiatives, and products and services.

In particular, maintaining datasets will be a key challenge as the results indicate a perception that ESD means that data is accurate, complete and regularly updated.

Overall, the research verified LPI's ESD direction - it will meet the needs of most customers and staff, especially those requirements concerning:

- Reliability;
- Speed; and
- Ease of use ie simple and convenient.

The market research program for the next twelve to eighteen months continues to be directly aligned to LPI's business priorities and capital investment. In particular, it is planned to engage customers and staff much earlier in the development phases of product and delivery channels, so there will be a greater emphasis on piloting applications.

**International Business**

LPI continues to assist with the many inquiries that come from other jurisdictions both in Australia and overseas. The main activity now undertaken involves receiving delegations from other land agencies keen to gain a better understanding of LPI’s strategic business direction, innovative solutions to business problems and application of new technologies visit LPI.

International initiatives undertaken in 2004-2005 were supplying land information and administration consultancy services to support internationally funded programs in developing countries including Laos and the Philippines.

Ten senior delegations were received during the year with over 100 delegates. Senior officials at director level or above led each delegation. These organisations provide services similar to LPI and their visits provided an opportunity to benchmark services provided by LPI. Delegations were primarily from South East Asia including China, Korea, Singapore, Korea and Samoa.

**Property Information Services Branch**

Property Information Services (PIS) Branch manages the production and delivery of land and WAL title searches, plan and dealing images and other title related documents sourced from LPI’s datasets. PIS also manages secure printing facilities, document return, image capture and Notice of Sale collection.

The Image Capture Section scans all newly registered plans and dealings and other land related documents on a daily basis and stores them on the Document & Integrated Imaging Management System (DIIMS) for retrieval and delivery.

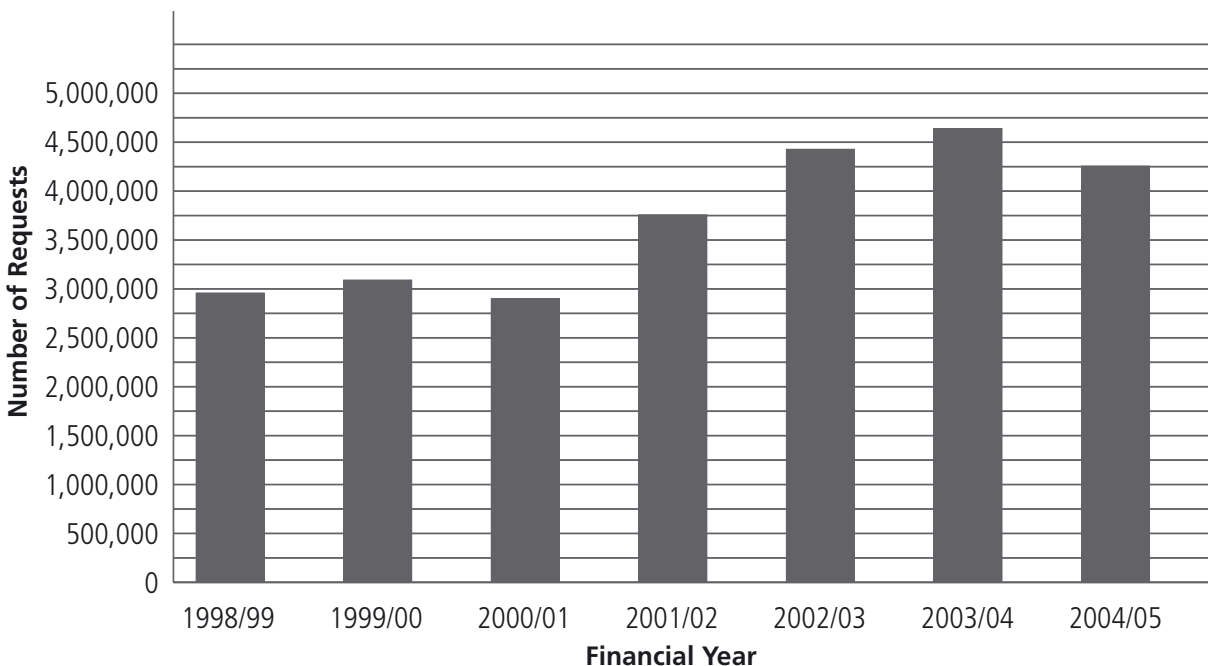
In 2004/2005 16,494 Deposited Plans, 2,401 Strata Plans and 7,926 associated documents together with 838,681 dealing images were loaded to DIIMS and made available for electronic access and service delivery. Approximately 87% of information requests are satisfied through online delivery channels sourced from DIIMS and ITS.

Traditional over the counter information services to the conveyancing community and the public remain available at LPI’s Queens Square office, the majority of requests being processed within 15 minutes.

In 2004/2005 demand for over the counter information has fallen by 10%. A total of 4.253 million requests were satisfied, 3.968 million of these online. The graph below indicates patterns of demand from 1998/1999 to the present.

In August 2004 the Branch implemented new access arrangements for owner inquiry searches conducted over the counter at Queens Square. The new arrangements are designed to ensure that such searches are carried out for legitimate purposes, and are consistent with the provisions of the Privacy and Personal Information Protection Act 1998.

**Property Information Services Requests Documents and Computer Folios**



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### Property Information Inquiry Service (PIIS)

PIIS is a commercial business enterprise operated by LPI. The service enables the public to use a centralised point and a single inquiry form to obtain certificates and clearances for conveyancing purposes from nominated government and semi government authorities that may have an interest in any specified land parcel.

PIIS collects and distributes the applications for clearances and certificates directly to nominated authorities together with the fees set by the authorities and paid by the clients to LPI. A small handling fee is levied by LPI on users of this service. In 2004/2005, PIIS Applications processed averaged 88.4 per day with an annual total of 22,280, a decline of 35% from last year, attributable to the end of the property boom.

### Graphic Services Branch

Graphic Services Branch produces maps, charts, stationery, photographic enlargements, contacts, diapositives, digital scanning, films, bookbinding, electronic publishing, graphic design, dyelines, colour and black and white copying, laminating, and map framing and mounting. Departmental forms, brochures, reports, catalogues and guides are also printed.

The new large format printing press and Computer to Plate direct imaging along with FM screening and dot for dot reproduction acquired during 2003/04 has enabled large volume increases in maps produced and other printed products.

This year saw a large increase in the numbers of reprint Topographic maps required to provide the Rural Fire Service with maps for future emergency events. Overall there was an increase in printing projects while the average number of copies required per project continued to drop.

### Graphic Services:

- Continued to produce valuation notices for distribution to ratepayers.
- Produced commercial mapping for State, Commonwealth, and other government agencies, as well as private contractors
- Digitally captured land title related hard copy charting maps. A number of other digital capture projects are under way aimed at providing better access to Departmental data including the capture of the Sydney plan room.

## Major Production Indicators

	02/03	03/04	04/05
Map Published Impressions	2,256,420	1,215,900	3,647,750
Aerial Contact Prints	51,468	64,500	65,116
Aerial Enlargements	2,010	1,692	1,651
Proofs	1,057	1,222	946
Plates	3,428	4,271	4,661
Folded Sheets	2,632,140	1,560,012	3,705,106
Printing Impressions	7,337,844	6,291,147	8,704,402
Number of Printing Projects	565	494	845

## Titling & Registry Services (T&RS)

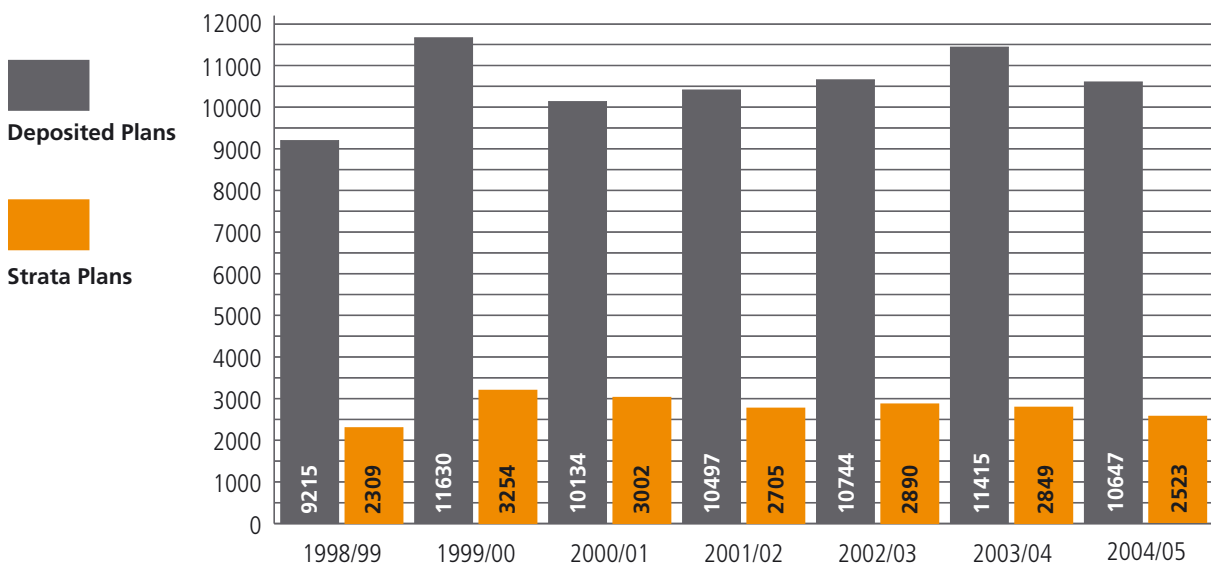
The Division's primary functions are:

- To examine and register new plans to establish new boundary definitions and to create titles for lots in these plans; and
- To examine dealings (documents evidencing Torrens title land transactions) and deeds and record dealings in the Torrens Register.

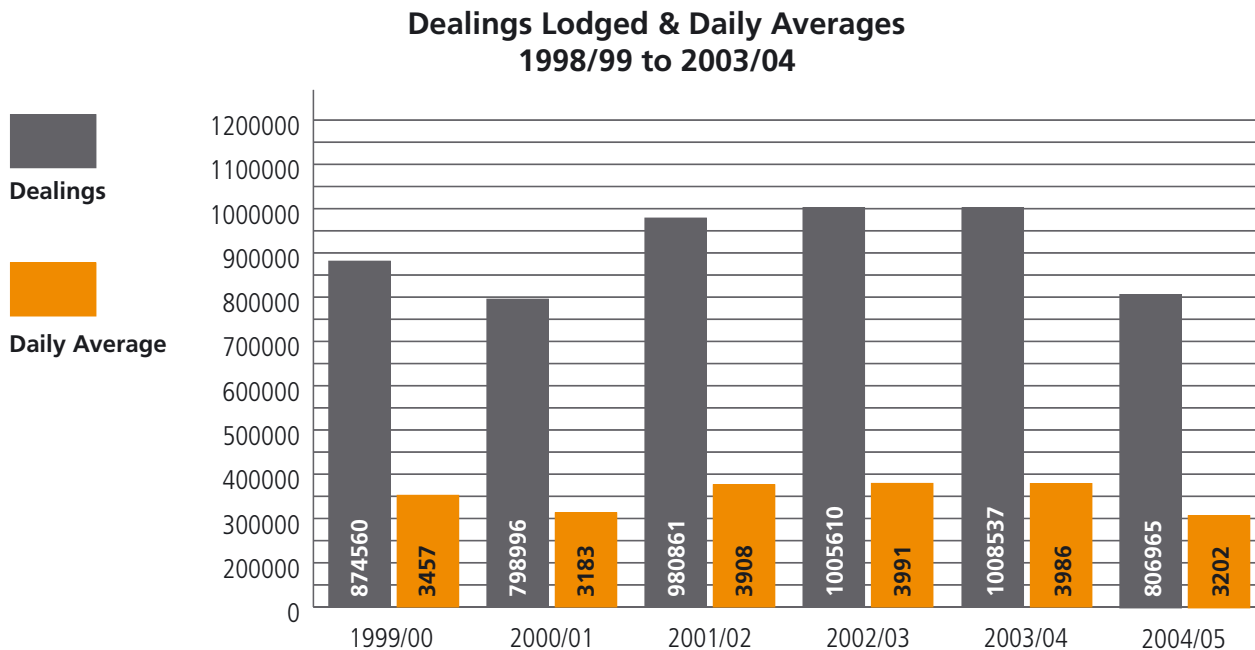
Overall, business volumes declined during 2004-2005:

- Deposited plan lodgements for the year decreased 6% over 2003/2004. Strata plan lodgements decreased by 11%.
- 7% of deposited plans and 14% of strata plans were pre-examined.
- 6% of deposited plans and 2% of strata plans were lodged using the e-plan facility.
- 70,631 new titles were created in the financial year. Of these 42,883 were created from deposited plans and 27,748 were created from strata plans. This is a decrease of 10% for strata lots and 8% for cadastral lots. Overall the number of lots created remained static compared to the previous year.
- There were 9,573 deposited plans and 2,398 strata plans registered in the financial year.

**Deposited Plan and Strata Plan Lodgments  
1998 to 2005**



Dealing lodgments have fallen approximately 20% from 1,008,537 in 2003-2004 to 806,965 in 2004-2005. The graph below shows the trend in dealing lodgment activity from 1999/2000.



#### Recruitment Program

Titling & Registry Services (T&RS) recruited thirteen Titling Officers in February 2005. The officers will undertake a two year rotational training and development program in the Queens Square office. They have also commenced formal TAFE studies to qualify for Certificate III in Spatial Information Services.

#### Client education

Seminars targeting professional strata managers and other related industry professionals are presented regularly by T&RS staff. The seminars are conducted at the Department's Sydney office and at various locations throughout NSW. During 2004/2005 over 366 participants from across the industry attended.

#### Cadastral Integrity Program

This program aims at preserving the integrity of the cadastre and guarantee of land titles while providing feedback on industry performance. LPI undertakes random field audits of recently registered Strata Plans and provides the Board of Surveying and Spatial Information with industry results.

During 2004/2005 LPI conducted field audits on 145 plans prepared by 90 surveyors across 20 different local government areas. Results of these audits have been presented to regional surveyor groups, Country surveyors, Remote surveyors, Qld institute, RTA Surveyors and Canberra Group- totalling over 500 surveyors.

#### Major T&RS Projects

##### Progressing a National Approach to Electronic Conveyancing

Following public consultation in 2004 on the prospects for introducing electronic conveyancing in NSW and strong feedback from the legal profession and major banking institutions that a national approach was necessary, LPI is working closely with State and Territory jurisdictions to implement a national solution.

Late in 2004 Lands entered into an agreement with its counterpart in Victoria on the principles to be applied in developing a roadmap to a National Electronic Conveyancing System. This work is leading the definition of a national approach that will meet the needs of all government and industry stakeholders.

All jurisdictions and major industry stakeholders are committed to a national approach to electronic conveyancing and the prospects for achieving a national system in the foreseeable future are very positive.

##### ePlan

ePlan became generally available for use by the surveying industry from 1 June 2003. As at 30 June 2005, 250 users have been granted access to ePlan and 104 individual surveyors are approved to lodge for registration. During this reporting period 1045 plans were lodged via the ePlan facility.

Enhancements to the ePlan website and interfaces to ITS and DIIMS enabled the first fully automated electronic lodgment in October 2004. Principally supporting LPI's titling function the ePlan facility is available 7 days a week from 6.30 am to 11.00 pm.

The original concept for ePlan was to include supply of 'intelligent' plan geometry. This data will ultimately be used for quality assurance and automated update of the State's digital cadastre. During 2004/2005 LPI participated in an Intergovernmental Committee on Surveying and Mapping (ICSM) working group to develop an Australasian data transfer standard for cadastral survey plan data.

The ICSM model is aiming to produce a generic LandXML data export/import format for plan data that will allow for jurisdictional specific elements to be added.

The model will include all of the survey (including geometry), administrative and titling data required to process a plan from lodgment to registration and DCDB update.

LPI is currently mapping plan related processes and data contained in plans to the ICSM standard and identifying NSW specific item requirements for the NSW schema.

### Government Property Register (GPR)

LPI is currently redeveloping the GPR to achieve a reliable, comprehensive, accurate and easily accessible register of all NSW Government Property including Crown Land.

A redeveloped GPR will deliver whole of government benefits by providing an integrated data source combining data from individual owner agencies with data from the Department of Lands to give a total picture of the State's land holdings. When fully implemented, all agencies will be able to conduct online searches of the GPR and obtain text based or spatially referenced search results.

A broad market research study has identified a range of user requirements common to many agencies. Subsequent detailed consultations with central reporting agencies and a number of other large property portfolio agencies have provided more detailed understanding of their particular user requirements.

LPI is now undertaking the final steps necessary to improve the GPR's performance and capability by upgrading its core functionality to reflect external agency user requirements, Departmental business requirements and GPR management requirements, and to close remaining content and quality gaps in information.

### Water Access Licence Register (WAL)

The WAL Register commenced in July 2004 and is maintained by LPI on behalf of the Department of Infrastructure, Planning and Natural Resources (DIPNR) under the Water Management Act 2000. The fully computerised WAL Register is accessed through ITS in a similar manner to the Torrens Title Register and provides

for the registration of various transactions affecting a Water Access Licence.

The WAL Register currently holds over 9,000 licences and is continually expanding with the receipt of new licence data from DIPNR. The Register will eventually hold all Water Access Licences issued in NSW.

### Moving Forward Program (MFP)

The objective of MFP is to secure increased efficiency and accountability in dealing lodgment and registration practices and to introduce improved fraud protection measures and service enhancements. The context is to deliver benefits ahead of the implementation and consistent with the principles of electronic conveyancing.

### Invoicing and Payments project

The Invoicing and Payments project started as a T&RS project to address financial compliance and operational issues being experienced with invoicing and payment activities for ITS (Integrated Titling System) and POS (Point of Sale) related transactions.

It was identified that the enhancement of systems to meet T&RS business requirements had a wider impact across LPI and there were other areas of the business that would benefit from the planned enhancements. These broader business benefits resulted in an expansion of the project to integrate four key Lands IT applications; ITS, POS, SAP and network environment. The project was originally scheduled for completion by 30 June 2004, but additional work required meant that implementation was deferred until 1 November 2004.

### Identity Verification

New identity verification procedures in relation to applications for replacement certificates of title were implemented in December 2004. The procedures apply to private persons and companies who require a new certificate of title to replace one that has been lost, destroyed, stolen or damaged to the extent that its authenticity cannot be verified, and where no mortgage or charge is registered on the title. Under the new procedures, applicants or their agents are required to provide evidence of their identity in the form of passports, drivers' licences, etc which can be validated by relevant authorities. The new procedures have been put in place to minimise the risk of identity fraud that may lead to fraudulent dealings in land. In the longer term the procedures will be extended to other types of dealings registered by LPI.

Current projects being implemented under MFP are:

#### *Document Presentation Strategy*

The purpose of this project, initiated in May 2005, is to develop a strategy that will facilitate generation of paper

instruments suitable for ready conversion to electronic instruments for subsequent electronic examination and automated registration consistent with current and proposed legislative, industry and registry requirements for electronic conveyancing. The project is the successor of the forms design and standardisation of forms components of the Moving Forward Project. It was determined during these earlier projects, that forms and the way that they are created and distributed, will have to be changed to meet the emerging needs of operating an efficient paper lodgment process in parallel with an electronic lodgment system.

In response to these issues, the old strategy of forms delivery by licensed form distributors and licensed in-house production is to be replaced by a new concept of document presentation, which meets four objectives:

- paper instrument requirements consistent with electronic instrument requirements
- simple conversion of paper instruments into electronic instruments
- efficient and appropriate means of making approved form forms available to industry
- cost-effective means of ensuring only approved form forms are used by industry.

#### *Electronic Examination*

The aim of this project is to develop an automated system to be used for the automated electronic examination of dealings prior to automated registration. This project involves a detailed examination of the dealing examination process to determine, define, categorise and record the business rules applicable by an automated system to the dealing examination process. The system developed will be used for the validation of digital data obtained from electronically prepared and lodged dealings or those converted from paper. The electronic examination system may also be employed for the validation of dealings prior to electronic lodgment. It is a substantial project requiring extensive investigation and analysis prior to any systems development work.

#### *Automatic Registration*

This process acts as the end point of electronic lodgment and electronic examination processes that will administer the registration of dealings with little or no staff intervention. Once electronic lodgment and electronic examination have been developed automatic registration should be a relatively simple end point. This project will involve the development and application of business rules for the automatic passing of the data validated by the electronic examination system to ITS to achieve registration of the dealings.

#### *Workflow Management*

This project involves identifying requirements for electronic document workflow management as an aid to existing electronic and hardcopy plan lodgment processes, and the paper and future electronic lodgment of dealings and associated requisitions and invoicing.

Lodgment work processes and existing information flow models and already been documented as a part of the project. Workflow solution requirements have also been documented. The next step is to investigate solution opinions.

## **Valuation Services**

### **Role of Valuation Services**

Primary functions of Valuation Services include determining land values and maintaining the Register of Land Values on behalf of the Valuer General.

Types of valuations include:

- Rating and Taxing General Valuations
- Just Terms compensation determinations
- Supplementary Valuations
- Special Valuations

The Chief Valuer is responsible for the management of the Valuation Services area and providing services under the Service Level Agreement between the General Manager, Land and Property Information and the Valuer General.

### **Performance in 2004/2005**

During 2004/2005 Valuation Services issued over 648,731 Notices of Valuation for rating purposes in 47 local government areas throughout New South Wales.

A total of almost 2.4 million land values were issued to the Office of State Revenue for the 2005 land tax year with an additional 47,000 supplementary valuations completed following changes to properties or at the creation of new lots.

Pursuant to the Valuation of Land Act 1916, landowners issued with a valuation in writing may object to that valuation. In 2004/2005, a total of 16,515 objections were registered. Of the 10,179 objections determined in 2004/2005 approximately 29% were upheld.

Maintenance of the Register of Land Values is a major activity within Valuation Services. During 2004/2005 approximately 412,000 property legal descriptions, 358,000 property addresses and 257,000 addresses for service of notices were created or updated within the Register. Substantial work was also directed to improving the quality of data within the Register. The number of

property records without areas recorded in the Register was reduced by 200,000 (or approximately 50%). Unformatted property descriptions were decreased by 70,000, and outdated lot plan details were reduced by approximately 11,600. These figures represent approximately 25% improvements in both of these measures. This data cleansing will improve searching capabilities and will streamline register maintenance by improving automated match rates within the database for sales details and new subdivisions.

In accordance with the Land Acquisition (Just Terms Compensation) Act 1991, the Valuer General has responsibility for determining the amount of compensation to be paid to a former owner of land following a compulsory acquisition by government. In 2004/2005, 211 determinations of compensation were made for compulsorily acquired property.

**Projects for 2004/2005**

Achievements in 2004/2005 were largely influenced by changes to the land tax system for the 2005 land tax year.

Objection processing was streamlined with the introduction of the requirement for objections to be lodged on a standard objection form. This requirement was made by amendment to the Valuation of Land Act 1916.

The objection process was also made more efficient with the development of a 3 staged objection reporting procedure and the objection screening process where objectors are given the best opportunity to provide appropriate information for the Valuer determining their objection.

A Statewide Valuation Contractor panel was established for the provision of Valuation Services for the Valuer General. The panel was established by tender process, so that the Valuer General may select appropriate valuers from the panel to undertake specified valuation services. These services include:

- Just Terms Valuations
- Valuation advisory services
- Objection briefing services.

The panel has proved beneficial in addressing the large numbers of objections received to the 1 July 2004 base date valuations that were issued this reporting year, with approximately 6,000 objections being contracted to contract valuers in 2004/2005.

A Land Value Search facility on the Department of Lands Website was introduced to give members of the public better access to their land values. The land value search provides property details and valuation information and was offered free of charge for land owners for the 1 July 2004 land value, with a fee payable for all other searches.

**Valmap**

Development of a system that links spatial information and valuation information commenced in 2004/2005. This system known as 'Valmap' is expected to improve the quality of valuations by providing a graphical representation of land values for comparison. Valmap will be used by LPI valuers and contractors as a tool to assist information access and may provide meaningful representation of land values to the public in the future.

**Projects for 2005/2006**

Valuation Services is committed to maintaining a strong focus on improving the quality of valuations in the next year.

- Introduction of Valmap to LPI and Contractors within the reporting period.
- Project on statistical reporting to improve efficiency in contract management and foster consistency in valuations prior to the approval of the 1 July 2005 land values.

Improved delivery and transparency of valuation information to the public through:

- Development of the objection manager in Valnet to enable more effective communications regarding objections to the public.
- Redesign of Notice of Valuation providing more information to the public
- Enhanced valuation information available on the Department of Lands Website.

The Department of Lands

**Land and Property Information Division**

LPI Division Financial Statements

Crown Lands Division

Soil Conservation Service

Office of Rural Affairs

The Department of Lands Financial Statements

BOSSI Financial Statements

BOSSI Financial Statements

Appendices

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GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### Land and Property Information New South Wales

To Members of the New South Wales Parliament

#### Audit Opinion

In my opinion, the financial report of Land and Property Information New South Wales:

- (a) presents fairly the Land and Property Information New South Wales' financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with sections 45E and 45EA of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

#### The Director-General's Role

The financial report is the responsibility of the Director-General of the Department of Lands. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

#### The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material misstatement*.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Director-General in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Director-General had not fulfilled his reporting obligations.

My opinion does not provide assurance:

- about the future viability of Land and Property Information New South Wales,
- that Land and Property Information New South Wales has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

**Audit Independence**

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



S R Stanton CPA  
Director, Financial Audit Services

SYDNEY  
24 October 2005



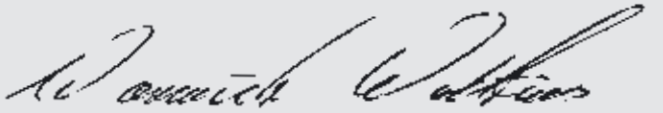
**DEPARTMENT OF LANDS**  
**LAND AND PROPERTY INFORMATION NSW**

**Financial Statements for the year ended 30 June 2005**

Pursuant to section 45F (1B) of the Public Finance and Audit Act 1983, I state that:

- (1) the accompanying financial statements exhibit a true and fair view of the financial position of the Land and Property Information NSW, a business unit of the Department of Lands as at 30 June 2005 and the transactions for the year then ended.
- (2) the statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation 2000 and the Treasurer's Directions.

Further, I am not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

  
W. Watkins  
Director General  
Department of Lands 20.10.05

  
D. Mooney  
General Manager  
Land and Property Information 20/10/05

  
B. Costello  
Acting Director, Financial Services  
Department of Lands

Date 20 October 2005

## LAND AND PROPERTY INFORMATION NSW

### Statement of Financial Performance

For the year ended 30 June 2005

	Notes	Actual 2005 \$'000	Actual 2004 \$'000
<b>Revenues from ordinary activities</b>			
Sale of goods and services	3(a)	133,873	129,844
Investment income	3(b)	3,031	3,324
Grants and contributions	3(c)	12,668	12,410
Other income	3(d)	2,098	2,714
(Loss)/profit from sale of non-current asset	5	(302)	110
<b>Total revenues from ordinary activities</b>		<b>151,366</b>	<b>148,402</b>
<b>Expenses from ordinary activities</b>			
Operating expenses			
Employee related	4(a)	52,905	69,543
Other operating expenses	4(b), 5	25,821	25,639
Maintenance		2,662	2,474
Depreciation	4(c)	11,141	9,941
Grants and subsidies	4(d)	284	324
Borrowing costs	4(e)	536	278
Other expenses	4(f)	308	1,465
<b>Total expenses from ordinary activities</b>		<b>93,657</b>	<b>109,664</b>
<b>Profit from ordinary activities before income tax equivalent</b>		<b>57,709</b>	<b>38,738</b>
Income tax equivalent	4(g)	6,179	11,621
<b>Net profit from ordinary activities after income tax equivalent</b>		<b>51,530</b>	<b>27,117</b>
<b>TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY</b>			
		-	-
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS.</b>			
	16	<b>51,530</b>	<b>27,117</b>

The accompanying notes form part of these statements.

## LAND AND PROPERTY INFORMATION NSW

## Statement of Financial Position

As at 30 June 2005

	Notes	Actual 2005 \$'000	Actual 2004 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	7	44,154	67,004
Receivables	8	8,162	6,991
Inventories	9	349	330
Other	10	4,868	1,321
<b>Total Current Assets</b>		<b>57,533</b>	<b>75,646</b>
<b>Non-Current Assets</b>			
Inventories	9	1,396	1,306
Property, Plant and Equipment	11		
Land and Buildings		49,342	48,207
Plant and Equipment		34,918	31,705
Total Property Plant and Equipment		84,260	79,912
<b>Total Non-Current Assets</b>		<b>85,656</b>	<b>81,218</b>
<b>TOTAL ASSETS</b>		<b>143,189</b>	<b>156,864</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	13	36,191	37,479
Interest Bearing Liabilities	14	-	446
Provisions	15	8,008	8,167
<b>Total Current Liabilities</b>		<b>44,199</b>	<b>46,092</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	14	-	2,323
Provisions	15	32,249	67,435
<b>Total Non-Current Liabilities</b>		<b>32,249</b>	<b>69,758</b>
<b>Total Liabilities</b>		<b>76,448</b>	<b>115,850</b>
<b>Net Assets</b>		<b>66,741</b>	<b>41,014</b>
<b>EQUITY</b>			
Accumulated Funds	16	66,741	41,014
<b>Total Equity</b>		<b>66,741</b>	<b>41,014</b>

The accompanying notes form part of these statements.

## LAND AND PROPERTY INFORMATION NSW

### Statement of Cash Flows

For the year ended 30 June 2005

	Notes	Actual 2005 \$'000	Actual 2004 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		132,802	131,795
Interest received		3,558	2,360
Other		19,052	18,405
<b>Total Receipts</b>		<u>155,412</u>	<u>152,560</u>
<b>Payments</b>			
Employee related		(91,406)	(83,820)
Borrowing costs		(536)	(278)
Other		(44,710)	(36,793)
<b>Total Payments</b>		<u>(136,652)</u>	<u>(120,891)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>19</b>	<u>18,760</u>	<u>31,669</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of Land & Buildings, Plant & Equipment		20	660
Purchases of Land & Buildings, Plant & Equipment		(15,812)	(13,246)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(15,792)</u>	<u>(12,586)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings and advances		(2,769)	(160)
Dividend paid		(23,049)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>(25,818)</u>	<u>(160)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		(22,850)	18,923
Opening cash and cash equivalents		67,004	48,081
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>7</b>	<u>44,154</u>	<u>67,004</u>

The accompanying notes form part of these statements.

## LAND AND PROPERTY INFORMATION NSW

### Notes to the Financial Statements For the year ended 30 June 2005

#### 1. REPORTING ENTITY

Land and Property Information New South Wales (LPI) is a non budget dependent commercial entity within the Department of Lands. LPI provides integrated land and property information services to the Government and community of New South Wales.

In compliance with section 45E of the Public Finance and Audit Act 1983 and Treasury directives separate audited financial statements are provided for LPI.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. *Basis of Accounting*

LPI's financial statements are a general purpose financial report which has been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act 1983 and Regulations.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for certain land, buildings and plant and equipment, which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

##### b. *Revenue Recognition*

Revenue is recognised when LPI has control of the good or right to receive, it is probable that the economic benefits will flow to LPI and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below:

##### (i) **Sale of Goods and Services**

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie, user charges. User charges are recognised as revenue when LPI obtains control of the assets that result from them.

##### (ii) **Investment Income**

Interest revenue is recognised as it accrues.

**LAND AND PROPERTY INFORMATION NSW**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2005**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(iii) Grants and Contributions**

Grants and contributions are recognised in the financial statements when received.

**c. Employee Benefits**

**(i) Salaries and Wages, Annual Leave, Sick Leave and On-costs**

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

**(ii) Long Service Leave and Superannuation**

LPI is responsible for the long service leave and all superannuation liabilities for its employees and these are fully recognised in the financial statements.

The long service leave liability is measured using the present value method based on the actual remuneration rates for all employees with five or more years of service.

LPI contributes to the employees' superannuation entitlements under the State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-Contributory Superannuation Scheme (SANCSS) and pays the contributions to Pillar Administration and employee nominated funds. These payments are applied towards the accruing liability in respect of employees and are charged to expenses.

The superannuation liability under these schemes has been adjusted to reflect the liability as assessed by Pillar Administration (Note 15).

**d. Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred (except where they are included in the costs of qualifying assets).

**e. Insurance**

LPI's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### *f. Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except:

- the amount of GST incurred by LPI as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- Receivables and payables are stated with the amount of GST included.

### *g. Acquisition of Assets*

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by LPI. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate being the rate at which a similar borrowing could be obtained.

### *h. Plant and Equipment*

Plant and equipment costing \$5,000 and above individually are capitalised. Individual items of computer equipment costing \$1,000 and above are capitalised when they form part of a network.

### *i. Intangible Assets*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by LPI, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

### *j. Impairment of Assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**LAND AND PROPERTY INFORMATION NSW**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2005**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Revaluation of Physical Non-Current Assets**

Physical non-current assets are measured on a fair value on an existing use basis in accordance with the AASB 1041 from the financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price ie the replacement cost of the asset's remaining service potential.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

Otherwise, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the Profit/Loss.

Revaluation decrements are recognised immediately as expenses in the Statement of Financial Performance, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve. Buildings and Land are revalued at least every five years.

Revaluation increments and decrements are offset against one another within the same class of non-current assets but not otherwise. Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

**l. Depreciation of Non-Current Physical Assets**

Depreciation is provided for on a straight-line basis against all depreciable assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its useful life to LPI. Land is not a depreciable asset.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

Asset Classes	Rates (%)
Buildings and Improvements	2.50
Printing Press	6.67
Aeroplane / Aerial Photographic Equipment	14.25
Motor Vehicles	20.00
Plant and Equipment	20.00
EDP Equipment	25.00

**m. Maintenance and Repairs**

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.



**LAND AND PROPERTY INFORMATION NSW**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2005**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n. Leased Assets**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

**o. Receivables**

Receivables are recognised and carried at cost based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**p. Inventories**

Inventories are comprised of raw materials for map printing and maps stock. Raw materials are valued on a first-in-first-out basis. Maps stocks are valued at the weighted average cost of printing from the map masters at full absorption of labour, materials and overhead. Stock is used on a first-in-first-out basis.

**q. Restricted Assets : Torrens Assurance Fund**

This fund is administered by LPI. The Torrens Assurance Fund was established under S134(1) of the Real Property Act 1900 as a Special Deposit Account administered by the Registrar-General. Refer to Note 12.

**r. Payables**

These amounts represent liabilities for goods and services provided to LPI and other amounts, including interest. Interest is accrued over the period it becomes due (where applicable).

**s. Interest Bearing Liabilities**

Any finance lease liability is determined in accordance with AAS 17 "Leases".

**t. Contribution to Consolidated Fund**

LPI is required to pay income tax equivalents and dividends to the Consolidated Fund. Tax effect accounting is not required to be applied. Income tax is calculated by applying the prevailing company tax rate to profits earned by LPI after adjusting for any actuarial adjustments to unfunded superannuation impacting the statement of financial performance. In previous years, dividends were paid at the rate of 85% of after tax profit in two equal instalments, in August and December. For 2004-05, and future years, dividends are calculated at 85% of after tax profit adjusted for actuarial adjustments to unfunded superannuation.

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**3. REVENUES**

**3(a) Sale of Goods and Services**

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Title	103,124	101,235
Valuation	24,406	22,936
Mapping	3,115	3,656
Torrens Assurance Fund (see note 12)	3,228	2,017
	<b><u>133,873</u></b>	<b><u>129,844</u></b>

**3(b) Investment Income**

Interest	3,031	3,324
	<b><u>3,031</u></b>	<b><u>3,324</u></b>

**3(c) Grants and Contributions**

Community Service Obligations	12,668	12,410
	<b><u>12,668</u></b>	<b><u>12,410</u></b>

**3(d) Other Income**

Printing and Publishing	634	418
Digital Database Sales	2	13
International Projects	209	651
Corporate Support	103	57
Miscellaneous Income	1,148	1,575
	<b><u>2,096</u></b>	<b><u>2,714</u></b>

**4. EXPENSES**

**4(a) Employee Related Expenses**

Salaries and wages (including recreation leave)	51,662	59,152
Superannuation	(6,487)	1,827
Long Service Leave	3,047	3,749
Workers Compensation	435	559
Payroll and Fringe Benefits Tax	4,248	4,257
Payroll Tax on Employer's Superannuation Contribution	-	(1)
	<b><u>52,905</u></b>	<b><u>69,543</u></b>

The agency charges the full cost of long service leave and current cost of superannuation to operations.

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**4(b) Other Operating Expenses**

	<u>2005</u> <u>\$'000</u>	<u>2004</u> <u>\$'000</u>
Valuation contractors & expenses	10,782	9,305
Cleaning & utilities	1,168	1,107
Property rental costs	620	634
EDP – information technology services	2,006	3,315
Furniture, plant & equipment	294	308
Stores & materials	1,990	2,123
Consultancies & other contractors	2,626	1,919
Promotions, publicity, events management	135	248
Travel expenses	653	655
Telecommunication expenses	1,760	1,606
Motor vehicle expenses	665	593
Insurance	277	269
Auditor's remuneration – audit or review of the financial report	161	177
Freight & postage	656	606
Staff related & development	718	698
Administration	719	968
Legal fees	73	53
Land taxes	270	326
Bad debts	(15)	292
Other	263	439
	<u>25,821</u>	<u>25,639</u>

**4(c) Depreciation Expenses**

Buildings	713	694
Plant and Equipment	10,428	9,247
	<u>11,141</u>	<u>9,941</u>

**4(d) Grants and Subsidies**

Grants paid to other organisations	284	324
	<u>284</u>	<u>324</u>

**4(e) Borrowing Costs**

Finance lease interest charges	536	278
	<u>536</u>	<u>278</u>

**4(f) Other Expenses**

Torrents Assurance Fund	308	1,465
	<u>308</u>	<u>1,465</u>

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**4(g) Income Tax Equivalent Expense**

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounting profit for the year	57,709	38,738
<b>Less:</b> actuarial adjustments to unfunded superannuation (Note 6)	(21,173)	-
Adjusted accounting profit for the year	<u>36,536</u>	<u>38,738</u>
Income tax equivalent expense for the year at 30%	10,961	11,621
<b>Less:</b> tax overpaid to Office of State Revenue (Note 6)	(4,782)	-
	<u><b>6,179</b></u>	<u><b>11,621</b></u>

**4(h) Distributed Costs**

Included in the expenses listed above are the costs of corporate services provided by LPI to the other divisions of the Department of Lands for which no revenues are received.

Employee related	3,581	3,822
Other operating expenses	1,004	941
	<u>4,585</u>	<u>4,763</u>

**5. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS**

Proceeds from disposal – Property, Plant & Equipment	20	660
Written Down Value of assets disposed	(322)	(550)
Net (loss) / gain on disposal of Property, Plant & Equipment	<u>(302)</u>	<u>110</u>

**6. INDIVIDUALLY SIGNIFICANT ITEMS**

Included in expenses from ordinary activities is \$21.173m for superannuation expenses written back due to a significant increase in the income earned in the superannuation fund reserves (2004 - \$15.940m).

Subsequent to the LPI's financial statement for the financial year ended 30 June 2004 being signed off by the Audit Office NSW in October 2004, it was found that the income tax equivalent was calculated based on the accounting profit without adjusting for the actuarial adjustments of \$15.958m to unfunded superannuation impacting the statement of financial performance. This resulted in an overpayment of income tax equivalent of \$4.782m to Office of State Revenue and an under payment of dividend of \$4.064m to the Treasury NSW.

These amounts have been adjusted in the financial year ended 30 June 2005.

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**7. CURRENT ASSETS - CASH**

	<u>2005</u> <u>\$'000</u>	<u>2004</u> <u>\$'000</u>
Cash at bank and on hand	44,154	67,004
	<u>44,154</u>	<u>67,004</u>

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash at bank. Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	<u>44,154</u>	<u>67,004</u>
<b>Closing cash and cash equivalents (as per Statement of Cash Flows)</b>	<u>44,154</u>	<u>67,004</u>

**8. CURRENT ASSETS - RECEIVABLES**

**Current Receivables**

Sale of goods and services	6,261	4,408
GST Receivable	392	690
Interest Receivable	1,449	1,976
Other Receivable	147	122
Less: Provision for doubtful debts	(87)	(205)
	<u>8,162</u>	<u>6,991</u>

**9. CURRENT ASSETS - INVENTORIES**

**Current Inventories**

At cost

Raw materials	-	4
Goods for resale	349	326
	<u>349</u>	<u>330</u>

**Non-current Inventories**

At cost

Goods for resale	1,396	1,306
	<u>1,396</u>	<u>1,306</u>

Raw materials are classified as current assets because they are used within a short period. Goods for resale (map stocks) are split 20% current and 80% non-current based on 5 year usage. There was no write down of inventories during the financial year ended 30 June 2005 (2004 - NIL).

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**10. CURRENT/NON-CURRENT ASSETS – OTHER**

	<b>2005</b>	<b>2004</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Prepayments</b>		
Prepayments	1,586	1,321
Prepaid Superannuation – SSS (Note 15)	3,282	-
	<u><b>4,868</b></u>	<u><b>1,321</b></u>

**11. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT**

**LAND AND BUILDINGS**

At Fair Value	50,915	49,066
Less:		
Accumulated Depreciation	<u>(1,573)</u>	<u>(859)</u>
<b>Net Book Value</b>	<u><b>49,342</b></u>	<u><b>48,207</b></u>

**PLANT AND EQUIPMENT**

At Fair Value	77,252	66,094
Less:		
Accumulated Depreciation	<u>(42,334)</u>	<u>(34,389)</u>
<b>Net Book Value</b>	<u><b>34,918</b></u>	<u><b>31,705</b></u>

<b>Total Property, Plant and Equipment</b>	<u><b>84,260</b></u>	<u><b>79,912</b></u>
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**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

**Land and Buildings**

Carrying amount at start of year	48,206	47,700
Additions	2,005	1,314
Disposals	(8)	(70)
Reclassification	(148)	(44)
Depreciation expense	<u>(713)</u>	<u>(694)</u>
<b>Carrying amount at end of year</b>	<u><b>49,342</b></u>	<u><b>48,206</b></u>

**Plant and Equipment**

Carrying amount at start of year	31,705	29,457
Additions	13,806	11,931
Disposals	(2,797)	(3,070)
Reclassification	148	44
Depreciation expense	<u>(10,427)</u>	<u>(9,247)</u>
Written back on disposal	2,483	2,590
<b>Carrying amount at end of year</b>	<u><b>34,918</b></u>	<u><b>31,705</b></u>

<b>Total Property, Plant and Equipment</b>	<u><b>84,260</b></u>	<u><b>79,912</b></u>
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**12. RESTRICTED ASSETS**

***Torrens Assurance Fund – Special Deposit Account***

LPI operates the Torrens Assurance Fund within the Special Deposit Accounts. The Fund was established under Section 134 (1) of the Real Property Act 1900. It meets claims for losses arising out of fraud or agency error and is funded by \$4 charge on each land dealing lodged. The following is a summary of transactions in the Torrens Assurance Fund.

	<u>2005</u> <u>\$'000</u>	<u>2004</u> <u>\$'000</u>
Opening cash balance	8,825	8,273
<i>Add:</i>		
Revenue	3,228	2,017
<i>Less:</i>		
Expenditure	(308)	(1,465)
Cash balance at end of Year	<u>11,745</u>	<u>8,825</u>

The above transactions and balances have been recognised in LPI's financial statements.

**13. CURRENT LIABILITIES – PAYABLES**

Accrued salaries, wages and on-costs	1,497	1,371
Creditors	3,224	2,773
Income received in advance	146	131
Dividend payable	25,804	23,049
Income Tax Equivalent payable	4,948	9,034
Other	572	1,121
	<u>36,191</u>	<u>37,479</u>

**14. CURRENT/NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES**

**Current Liabilities**

Finance lease commitments (Note 17)	-	446
	<u>-</u>	<u>446</u>

**Non-Current Liabilities**

Finance lease commitments (Note 17)	-	2,323
	<u>-</u>	<u>2,323</u>

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**15. CURRENT/NON-CURRENT LIABILITIES - PROVISIONS**

	2005 \$'000	2004 \$'000
<b>Current employee benefits and related on-costs</b>		
Recreation leave	4,053	4,061
Long service leave	3,679	3,564
Oncosts on employee benefits	276	542
<b>Total provisions</b>	<b>8,008</b>	<b>8,167</b>
<b>Non-Current employee benefits and related on-costs</b>		
Recreation leave	1,619	1,608
Long service leave	25,943	25,110
Superannuation	3,459	33,525
Oncosts on employee benefits	1,228	7,192
	<b>32,249</b>	<b>67,435</b>
<b>Aggregate employee entitlements</b>		
Provisions – current	8,008	8,167
Provisions – non-current	32,249	67,435
Accrued salaries and wages	1,497	1,371
	<b>41,754</b>	<b>76,973</b>

**Superannuation liability**

Land and Property Information NSW is responsible for funding the employer's superannuation liability through monthly contributions to LPI's reserve account held at the Pillar Administration. Superannuation payments to retiring employees are made out of this reserve account. Periodically LPI's reserve account balance is augmented by interest distributions made at the discretion of the Pillar Administration. LPI has no control over interest distributions. The reserve account can only be used for the settlement of superannuation liabilities.

Actuarial assessments for the defined benefit schemes SASS, SANCS and SSS (refer to note 2 (c) (ii)) have been made for the year ended 30 June 2005 based on the full requirements of AAS25.

Funds	Assessed Liability		Reserve Account		Superannuation Prepaid/(Deficit)	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
State Superannuation Scheme	196,451	190,899	199,732	162,380	3,282	(28,519)
State Authorities Superannuation Scheme	14,557	13,478	11,825	10,048	(2,732)	(3,430)
<b>Sub-Total</b>	<b>211,008</b>	<b>204,377</b>	<b>211,557</b>	<b>172,428</b>	<b>550</b>	<b>(31,949)</b>
State Authorities Non-Contributory Superannuation Scheme	13,447	12,517	12,721	10,941	(727)	(1,576)
<b>Total</b>	<b>224,455</b>	<b>216,894</b>	<b>224,278</b>	<b>183,369</b>	<b>(177)</b>	<b>(33,525)</b>



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**15. CURRENT/NON-CURRENT LIABILITIES – PROVISIONS (continued)**

LPI's superannuation liabilities as at 30 June 2005 as assessed by Pillar Administration were based on the following key assumptions:

	2005	2006	2007
	%	%	%
• Rate of Investment Return	7.0	5.2	5.2
• Rate of General Salary Increase	4.0	4.0	4.0
• Rate of Increase in CPI	2.5	2.5	2.5

**16. EQUITY**

	2005 \$'000	2004 \$'000
<b>Retained earnings</b>		
<b>Balance at the beginning of the financial year</b>	41,014	36,946
<b>Transactions with owners as owners</b>		
Dividend for the year	(21,739)	(23,049)
Adjustment for 2004 dividend (Note 6)	(4,064)	-
<b>Total</b>	<u>15,211</u>	<u>13,897</u>
<b>Other than transactions with owners as owners</b>		
Net Profit for the year	51,530	27,117
<b>Balance at the end of the financial year</b>	<u>66,741</u>	<u>41,014</u>

**17. COMMITMENTS FOR EXPENDITURE**

**(a) Other Expenditure Commitments**

Aggregate of other expenditure for the acquisition of items as detailed below contracted for at balance date and not provided for: - Mass valuation contracts with various suppliers and other expenditures.

Not later than 1 year	11,582	8,985
Later than 1 and not later than 5 years	10,438	11,370
<b>Total (including GST)</b>	<u>22,020</u>	<u>20,355</u>

**(b) Operating Lease Commitments**

Future non-cancellable operating lease rentals not provided for and payable for accommodation and motor vehicle for varying contract periods/suppliers.

Not later than 1 year	1,155	837
Later than 1 year but not later than 5 years	688	409
<b>Total (including GST)</b>	<u>1,843</u>	<u>1,246</u>

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**17. COMMITMENTS FOR EXPENDITURE (continued)**

**(b) Operating Lease Commitments (continued)**

The total other expenditure commitments and operating lease commitments above include input tax credits of \$2.169m (2004 - \$1.964m) that are expected to be recovered from the Australian Taxation Office.

**(c) Finance Lease Commitments**

	2005 \$'000	2004 \$'000
Not later than 1 year	-	446
Later than 1 year but not later than 5 years	-	1,783
Later than 5 years	-	2,229
Minimum lease payments	-	4,458
Less: future finance charge	-	(1,689)
Total (including GST)	-	2,769

**Classified as:**

Current	-	446
Non-current	-	2,323
	-	2,769

The finance lease asset relates to the lease/purchase of premises in Bathurst. The lease commenced on 16<sup>th</sup> January 1976 with a non-cancellable term of 38 years but was paid off in November 2004. The building is constructed on land owned by the Crown.

**18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Land and Property Information NSW maintains a special deposit account for claims arising through fraud or Departmental error (Torrens Assurance Fund). As at 30 June 2005 known claims were assessed to have an estimated gross liability of \$4.779m (2004 - \$8.127m). These liabilities have been estimated on the assumption that all disputed claims will be lost by LPI.

**19. RECONCILIATION OF OPERATING PROFIT/(LOSS) AFTER INCOME TAX EQUIVALENT TO CASH FLOWS FROM OPERATIONS.**

<b>Net profit from operating activities</b>	<b>51,530</b>	<b>27,117</b>
<b>Adjustment for non-cash items:</b>		
Depreciation	11,141	9,941
Net Loss/(gain) on sale/revaluation of non-current assets	302	(110)
<b>Changes in Assets and Liabilities</b>		
(Increase) in Receivables	(1,171)	(42)
(Increase)/Decrease in Inventories	(109)	179
(Increase)/Decrease in Other Assets	(3,546)	509
(Decrease) in Provisions	(35,345)	(14,062)
(Decrease)/Increase in Current liabilities	(4,042)	8,137
<b>Net Cash Flow from operating activities</b>	<b>18,760</b>	<b>31,669</b>

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## **20. FINANCIAL INSTRUMENTS**

### **Cash**

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11.00 am unofficial cash rate adjusted for a management fee to Treasury. Interest is reported in the financial statements as it is earned. For the purposes of the Statement of Cash Flows, cash comprises cash on hand and at bank.

### **Receivables**

All trade and other debtors are recognised as amounts receivable at balance date. Collectability of all debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are generally made on 30 day terms.

### **Trade Creditors and Accruals**

The liabilities are recognised for amounts due to be paid in the future for goods or services received whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made not later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was paid during the year (30 June 2004-Nil). The carrying amount approximates net fair value.

### **Leased Assets**

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expenses. Operating lease payments are expensed in the periods in which they are incurred.

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**(a) Interest Rate Risk**

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total Carrying Amount As per the Statement of Financial Position \$'000
			1 year Or less	1 to 5 years	More than 5 years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2005</b>							
<i>Financial Assets</i>							
Cash	4.33	44,154	-	-	-	-	44,154
Receivables			-	-	-	8,162	8,162
<b>Total Financial Assets</b>		<b>44,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,162</b>	<b>52,316</b>
<b>30 June 2004</b>							
Cash	4.18	67,004	-	-	-	-	67,004
Receivables			-	-	-	6,991	6,991
<b>Total Financial Assets</b>		<b>67,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,991</b>	<b>73,995</b>
<b>30 June 2005</b>							
<i>Financial Liabilities</i>							
Payables			-	-	-	36,191	36,191
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,191</b>	<b>36,191</b>
<b>30 June 2004</b>							
Payables			-	-	-	37,479	37,479
Interest Bearing	9.75	-	446	1,783	540	-	2,769
<b>Total Financial Liabilities</b>		<b>-</b>	<b>446</b>	<b>1,783</b>	<b>540</b>	<b>37,479</b>	<b>40,248</b>

**(b) Credit Risk**

Credit risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation there under. LPI's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

**21. SEGMENT INFORMATION**

The entity is the sole business of administration and provision of land and property information in New South Wales (NSW).

Geographically, the whole operation is in NSW. Although the organisation operates mainly from two centres, Sydney and Bathurst, the main functions are integrated and complement one another, with the exception of title registration which is mainly located in Sydney.

Neither the group of closely related products or services provided by the entity nor the geographical location give rise to risks and returns that are different from any distinguishable component of the entity.

Accordingly, segment information by both business and geographically is not required in accordance with AASB1005.

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**22. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Land and Property Information NSW (LPI) will apply the Australian Equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

The LPI's AEIFRS implementations are managed by the Department of Lands and the following strategy is being implemented by the Department to manage the transition to AEIFRS:

- Forming AEIFRS steering committee
- Send steering committee members to attend AEIFRS seminars
- Engaging accounting professional to provide expert advice
- AEIFRS Business Impact Analysis
- Changes to systems, processes and policies
- Train staff
- Implementation

To date, the Department has sent the financial steering committee members to attend seminars on AEIFRS implementation issues and AEIFRS annual reports presentation and disclosures sponsored by the NSW Treasury and the CPA Australia. The consultants from the accounting firm, Deloitte, have been engaged to provide the expert advice to the steering committee. The AEIFRS business impact analysis and the revised opening balance in compliance with AEIFRS have also been completed.

The Department has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

The Department has referred to AASB 136 – Impairment of Assets, the draft HOTARAC (Head of Treasuries Accounting and Reporting Advisory Committee) policy for the definition of 'a not-for-profit entity' and has considered the following factors in determining the status of a 'not-for-profit' entity for LPI.

- Statements by owners about objectives of the entity
- Governance framework-extent that private sector type frameworks apply
- Purpose, nature and extent of funding from owners
- Targeted financial performance of the entity, agreed between owners and board/management
- Classification under Government Finance Statistics (GFS)
- Comparison with Treasury's previous approach

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the LPI's equity and profit/loss.

LPI does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG Interpretations and / or emerging accepted practice in their interpretation and application. LPI's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

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**22. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

**(a) Reconciliation of key aggregates**

<b>Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:</b>			
	Notes	30 June 2005** \$'000	1 July 2004* \$'000
<b>Total equity under AGAAP</b>		<b>66,741</b>	<b>41,014</b>
<b>Adjustments to accumulated funds</b>			
Effect of valuing assets individually rather than by class	1	-	-
Grants [AASB 120]	2	-	-
Recognition of major inspection costs	3	-	-
Recognition of restoration costs	4	-	-
Write back asset revaluation reserve for investment properties	5	-	-
Derecognition of intangible assets	6	-	-
Derecognition of capitalised interest	7	-	-
Defined benefit superannuation adjustment of change in discount rate	8	(83,656)	(42,910)
Effect of discounting long-term annual leave	9	-	-
Tax effect adjustment	10	-	-
<b>Adjustments to other reserves</b>			
Effect to valuing assets individually rather than by class	1	-	-
Write back asset revaluation reserve for investment properties	5	-	-
Write back asset revaluation reserve for intangibles	6	-	-
Capitalised interest derecognised	7	-	-
Tax effect adjustment	10	-	-
<b>Total equity under AEIFRS</b>		<b>(16,915)</b>	<b>(1,896)</b>

\*=adjustments as at the date of transition  
\*\*=cumulative adjustments as at date of transition plus the year ended 30 June 2005

<b>Reconciliation of surplus / (deficit) under AGAAP to surplus / (deficit) under AEIFRS:</b>		
<b>Year ended 30 June 2005</b>	Notes	\$'000
<b>Surplus / (deficit) after tax under AGAAP</b>		<b>51,530</b>
Grants [AASB 120]	2	-
Major inspection costs	3	-
Restoration costs	4	-
Investment properties	5	-
Research costs expensed	6	-
Borrowing costs expensed	7	-
Defined benefit superannuation	8	(40,746)
Long term annual leave	9	-
Income tax expense	10	-
Assets held for sale	11	-
<b>Surplus / (deficit) after tax under AEIFRS</b>		<b>10,784</b>

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**22. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

*Notes to tables above*

1. AASB 116 Property, Plant and Equipment require for-profit entities to recognise revaluation increments and decrements on an individual asset basis, rather than a class basis. This change will decrease accumulated funds and increase the asset revaluation reserve.
2. AASB 120 Accounting for Government Grants and Disclosure of Government Assistance requires for-profit entities to recognise grant income over the period necessary to match related costs. This has the effect of delaying revenue recognition and increasing liabilities. Under current AGAAP, grants are normally recognised on receipt. It is possible that AASB 120 may be amended to adopt the approach in AASB 141 Agriculture where grants are recognised as revenue when conditions are satisfied. However, at this stage, the timing and dollar impact of these amendments is uncertain.
3. AASB 116 requires major inspection costs to be capitalised, where these are currently expensed. This will require that fair value and depreciation of the related asset to be re-allocated.
4. AASB 116 requires the cost and fair value of property, plant and equipment to be increased to include the estimated restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. These restoration costs must be depreciated and the unwinding of the restoration provision must be recognised as a finance expense. This treatment is not required under current AGAAP.
5. Under AASB 140 Investment Property and Treasury's indicative mandates investment property will be recognised at fair value. In contrast to their current treatment as property, plant and equipment, investment property recognised at fair value will be not be depreciated and changes in fair value will be recognised in the operating statement rather than the asset revaluation reserve. This means that any asset revaluation reserve balances relating to such property will be written back to accumulated funds.
6. AASB 138 Intangible Assets requires all research costs to be expensed and restricts the capitalisation of development costs. Current AGAAP permits some research and development costs to be capitalised when certain criteria are met. As a result, some currently recognised intangible assets will need to be derecognised. Further, intangibles can only be revalued where there is an active market, which is unlikely to occur. Therefore, revaluation increments and decrements will need to be derecognised and intangible assets recognised at amortised cost.

The application of AASB 138 will also result in certain reclassifications from property, plant and equipment to intangible assets (e.g. computer software and easements)

7. Current AGAAP requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised and other borrowing costs to be expensed.

AASB 123 Borrowing Costs provides the option to expense or capitalise borrowing costs. NSW Treasury's indicative mandate requires all General Government Sector agencies to expense all borrowing costs to harmonise with Government Finance Statistics reporting. This reduces the recognised value of assets and reduces profits.

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**22. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

8. AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.
9. AASB 119 requires present value measurement for all long-term employee benefits. Current AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstance.
10. AASB 112 Income Taxes uses a balance sheet approach which requires the differences between the accounting and tax value of assets and liabilities to be recognised as deferred tax assets or liabilities. Current AGAAP uses an operating statement method that accounts for tax by adjusting accounting profit for temporary and permanent differences to derive taxable income. The AASB 112 approach alters the quantum and timing of tax assets and liabilities recognised. In particular, the balance sheet approach results in the recognition of a deferred tax liability in relation to revalued assets that are generally not recognised under current AGAAP. This also changes the quantum and timing of the tax expenses.
11. AASB 5 Non-Current Assets Held for Sale and Discontinued Operations requires non-current assets classified as 'held for sale' to be reclassified as current and recognised at the lower of the carrying amount and the fair value less costs to sell. Unlike current AGAAP, 'held for sale' assets are not depreciated, thereby reducing the depreciation expense.

**(b) Financial Instruments**

In accordance with NSW Treasury's indicative mandates, LPI will apply the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit / loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

**(c) Grant recognition for not-for-profit entities**

LPI will apply the requirements in AASB 1004 Contributions regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and / or expense recognition will not occur until either LPI supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

**END OF AUDITED FINANCIAL STATEMENTS**